



201 South Main, Suite 2300
Salt Lake City, Utah 84111

February 2, 2015

VIA OVERNIGHT DELIVERY

Jean D. Jewell
Commission Secretary
Idaho Public Utilities Commission
472 W. Washington
Boise, ID 83702

**Re: Case No. PAC-E-15-01
IN THE MATTER OF THE APPLICATION OF ROCKY MOUNTAIN POWER
FOR AUTHORITY TO INCREASE RATES BY \$10.7 MILLION TO RECOVER
DEFERRED NET POWER COSTS THROUGH THE ENERGY COST
ADJUSTMENT MECHANISM**

Dear Ms. Jewell:

Please find enclosed an original and nine (9) copies of Rocky Mountain Power's Application in the above referenced matter, along with Rocky Mountain Power's direct testimony, exhibits, the press release, and customer bill insert. Also enclosed is a CD containing the Application, direct testimony, exhibits and confidential work papers.

All formal correspondence and questions regarding this Application should be addressed to:

Ted Weston
Rocky Mountain Power
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Salt Lake City, Utah 84111
Telephone: (801) 220-2963
Fax: (801) 220-2798
Email: ted.weston@pacificorp.com

Yvonne Hogle
Rocky Mountain Power
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Telephone: (801) 220-4050
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Communications regarding discovery matters, including data requests issued to Rocky Mountain Power, should be addressed to the following:

By E-mail (preferred): datarequest@pacificorp.com

By regular mail: Data Request Response Center
PacifiCorp
825 NE Multnomah St., Suite 2000
Portland, OR 97232

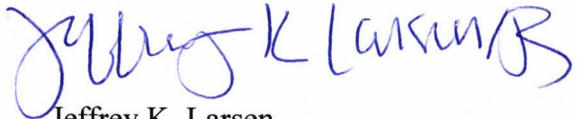
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Informal inquiries may be directed to Ted Weston, Idaho Regulatory Manager at (801) 220-2963.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Jeffrey K. Larsen". The signature is stylized with a large, looped "J" and a trailing flourish.

Jeffrey K. Larsen
Vice President, Regulation

Enclosures

CC: Steven D. Spinner
James R. Smith
Randall C. Budge
Katie Iverson

R. Jeff Richards
Yvonne R. Hogle (ISB# 8930)
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Attorneys for Rocky Mountain Power

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	CASE NO. PAC-E-15-01
OF ROCKY MOUNTAIN POWER FOR)	
AUTHORITY TO INCREASE RATES BY)	APPLICATION OF ROCKY
\$10.7 MILLION TO RECOVER)	MOUNTAIN POWER
DEFERRED NET POWER COSTS)	
THROUGH THE ENERGY COST)	
ADJUSTMENT MECHANISM)	

Rocky Mountain Power, a division of PacifiCorp ("Company" or "Rocky Mountain Power"), in accordance with Idaho Code §61-502, §61-503, and RP 052, hereby respectfully submits this application ("Application") to the Idaho Public Utilities Commission ("Commission") pursuant to the Company's approved energy cost adjustment mechanism ("ECAM"). The Company is requesting approval of approximately \$16.6 million deferred net power costs from the deferral period beginning December 1, 2013 through November 30, 2014 ("Deferral Period") and proposing to revise Electric Service Schedule No. 94, Energy Cost Adjustment, to recover approximately \$23.3 million in total deferred net power costs for the collection period beginning April 1, 2015 through March 31, 2016. The \$23.3 million includes an amortization of Monsanto's and Agrium's share of 2012, 2013 and 2014 deferrals, as further explained below. Recovery of this amount represents an increase of

approximately \$10.7 million from Schedule 94 rates currently in effect as approved in Order No. 33008 in Case No. PAC-E-14-01. Rocky Mountain Power respectfully requests that these changes to Idaho rate Schedule 94 become effective on April 1, 2015. In support of its Application, Rocky Mountain Power states as follows:

1. Rocky Mountain Power is a division of PacifiCorp, an Oregon corporation, which provides electric service to retail customers through its Rocky Mountain Power division in the states of Idaho, Wyoming, and Utah. Rocky Mountain Power is a public utility in the state of Idaho and is subject to the Commission's jurisdiction with respect to its prices and terms of electric service to retail customers in Idaho. Rocky Mountain Power is authorized to do business in the state of Idaho providing retail electric service to approximately 73,600 customers in the state.

2. Communications regarding this filing should be addressed to:

Ted Weston
Idaho Regulatory Affairs Manager
Rocky Mountain Power
201 South Main, Suite 2300
Salt Lake City, Utah 84111
Telephone: (801) 220-2963
Email: ted.weston@pacificorp.com

Yvonne R. Hogle,
Assistant General Counsel
Rocky Mountain Power
201 South Main, Suite 2400
Salt Lake City, Utah 84111
Telephone: (801) 220-4050
Email: yvonne.hogle@pacificorp.com

3. In addition, Rocky Mountain Power requests that all data requests regarding this Application be sent in Microsoft Word to the following:

By email (preferred): datarequest@pacificorp.com

By regular mail: Data Request Response Center
PacifiCorp
825 Multnomah Street, Suite 2000
Portland, Oregon 97232

Informal questions may be directed to Ted Weston, Idaho Regulatory Affairs Manager at (801) 220-2963.

ECAM Overview

4. The ECAM became effective July 1, 2009, pursuant to an agreement among parties in Case No. PAC-E-08-08, as approved by the Commission September 29, 2009, in Order No. 30904. The ECAM allows the Company to collect or credit the difference between the actual net power costs ("NPC") incurred to serve customers in Idaho and the NPC collected from Idaho customers through rates set in general rate cases.

5. The costs that are included in the ECAM are NPC as defined in the Company's general rate cases and modeled by the Company's production dispatch model GRID. Specifically, NPC include amounts booked to the following FERC accounts:

- Account 447 (sales for resale, excluding on-system wholesale sales and other revenues not modeled in GRID),
- Account 501 (fuel, steam generation, excluding fuel handling, start-up fuel/gas, diesel fuel, residual disposal and other costs not modeled in GRID),
- Account 503 (steam from other sources),
- Account 547 (fuel, other generation),
- Account 555 (purchased power, excluding BPA residential exchange credit pass-through if applicable), and
- Account 565 (transmission of electricity by others).

6. On a monthly basis, the Company compares the actual system net power costs ("Actual NPC") to the net power costs embedded in then effective rates ("Base NPC") from the general rate case during the Deferral Period and defers the difference into the ECAM balancing account. This comparison is on a system-wide, dollar per megawatt-hour basis.

7. In addition to the difference between Actual NPC and Base NPC, the ECAM includes five additional components: the Load Change Adjustment Revenues ("LCAR"), a credit for SO₂ allowance sales, an adjustment for load control costs, an adjustment for the treatment of coal stripping costs, i.e., Emerging Issues Task Force ("EITF") 04-6, and a true-up of 100 percent of the incremental Renewable Energy Credit ("REC") revenues from the amount approved by Commission Order No. 32196. These components are described in more detail below.

8. Finally, the ECAM includes a symmetrical sharing band of 90 percent (customers) / 10 percent (Company) that shares the differential between Actual NPC and Base NPC, LCAR, SO₂ sales, load control costs, and the coal stripping costs adjustment between the customers and the Company. The sharing band is also described in more detail below.

Changes to ECAM Calculation

9. In accordance with Commission Order No. 33008 in Case No. PAC-E-14-01, the Company has reflected changes to the ECAM calculation ordered by the Commission to perform a back cast calculation, as described in detail in Mr. Michael Wilding's Direct Testimony.

Proposed Deferred ECAM Rate Changes

10. In support of this Application, Rocky Mountain Power has filed the testimony and exhibits of Company witnesses Michael Wilding and Joelle Steward. Mr. Wilding's testimony and exhibit describe the Actual NPC incurred by the Company to serve retail load for the historical twelve-month period ended November 30, 2014 and explain the main differences between Actual NPC and Base NPC. Ms. Steward's testimony supports the new ECAM tariff surcharge rates to be effective April 1, 2015 through March 31, 2016.

11. Commission Order No. 32432 from Case No. PAC-E-11-12 approved a stipulation entered into by parties in the Company's 2011 general rate case ("2011 GRC"), to amortize prior year ECAM deferrals for Monsanto and Agrium ("2011 GRC Stipulation"). The proposed rate change for Monsanto and Agrium in this case covers three ECAM deferral periods: 1) the third-year amortization of the 2013 ECAM deferral for the period of December 1, 2011 through November 30, 2012; 2) the second-year amortization of the 2014 ECAM deferral for the period of December 1, 2012 through November 30, 2013; and 3) the total amount of the 2015 ECAM deferral for the period of December 1, 2013 through November 30, 2014. The 2011 GRC Stipulation specified that amounts owed by Monsanto and Agrium related to the Deferral Period in this case will be paid over a 12-month collection period. Combined, the amortization of the amounts from the three ECAM deferral periods result in tariff surcharge rates in this case for Monsanto and Agrium in Schedule 94 of approximately \$12.7 million and \$1.0 million, respectively.

12. This Application is supported by Mr. Wilding's testimony and Exhibit No. 1 ("Exhibit 1") which illustrates the detailed calculation of the ECAM deferral. During the Deferral Period, Base NPC were \$1.385 billion pursuant to Order No. 32432 from Case No. PAC-E-11-12.

13. The NPC deferral amount is calculated on a monthly basis by subtracting the monthly Base NPC rate from the Actual NPC rate. The NPC rate is calculated by dividing monthly NPC by the corresponding monthly load to express the costs on a dollar per megawatt-hour basis. The Base NPC average was \$23.73 per megawatt-hour, and the Actual NPC averaged \$27.05 per megawatt-hour, \$3.32 per megawatt-hour higher. The monthly incremental difference was multiplied by Idaho's actual load during the Deferral Period. For the 12-month period ended November 30, 2014, the NPC differential for deferral was approximately \$12.7 million before the 90/10 percent sharing band.

14. The LCAR is a symmetrical adjustment to offset over- or under-collection of the Company's energy-related production revenue requirement, excluding NPC, due to variances in Idaho load. The LCAR decreased the deferral balance by \$619,086 before sharing due to higher usage during the Deferral Period.

15. Revenues from SO₂ emission allowance sales received by the Company from December 1, 2013 to November 30, 2014 are also included as an offset to the NPC deferral. This adjustment reduces the deferral by \$71 before sharing.

16. A fourth component of the ECAM tracks Idaho's share of incremental load control costs. Commission Order 32432 specified that the load control costs would be tracked in the ECAM. This adjustment increases the deferral by approximately \$1.0 million before sharing.

17. The fifth component of the ECAM is the difference between including coal stripping costs recorded on the Company's books pursuant to the guidance of the accounting pronouncement EITF 04-6, and the amortization of the coal stripping costs when the coal was excavated. This adjustment decreases the deferral by \$66,928 before sharing.

18. The total NPC deferral adjusted for LCAR, SO2 revenue, load control, and EITF 04-6 is \$13.0 million which is subject to the sharing band between customers and the Company such that customers pay/receive 90 percent of the increase/decrease in Actual NPC when compared to Base NPC, and the Company incurs/retains the remaining 10 percent. After accounting for the sharing band the NPC deferral is \$11.7 million.

19. In addition to the ECAM calculation components discussed above, the deferral balance reflects the difference between actual REC revenues during the Deferral Period and the amount of REC revenues included in base rates. The REC revenue true-up included in the ECAM is symmetrical but no sharing band is applied. During the Deferral Period actual REC revenue was approximately \$6.0 million lower than the amount in base rates on an Idaho-allocated basis.

20. Pursuant to Order No. 33008 in Case No. PAC-E-14-01, the Company implemented a back cast calculation to perform a check for over/under-collection of NPC, load control costs, and RECs. This adjustment reduced the deferral approximately \$1.2 million making the net deferral \$16.5 million before interest. Approximately \$0.1 million of interest was accrued on this balance during the deferral period making the total deferral \$16.6 million.

21. The deferred ECAM balance of \$27.0 million as of November 30, 2014 is the sum of \$10.4 million of uncollected deferrals from prior ECAM filings plus the components described above. Interest is accrued on the uncollected balance at the Commission-approved interest rate on customer deposits, currently one percent annually. During the deferral period interest of \$0.3 million was added to the uncollected balances. Exhibit 1 summarizes the prior year uncollected deferred balances for tariff customers, with an ending balance at November 30, 2014 of \$1.8 million; Monsanto, with an ending balance of \$8.0 million; and Agrium, with an ending balance of \$0.6 million.

Allocation of Deferred ECAM Balance to Retail Tariffs

22. Ms. Joelle Steward's testimony describes the calculation of the proposed Schedule 94 rates. Exhibit 2 of Ms. Steward's testimony illustrates this calculation based on metered loads, the line loss adjusted loads, the allocation of the ECAM price change, and the percentage change by rate schedule based on the present revenues ordered in Case No. PAC-E-13-04. Exhibit 3 is a summary of the ECAM balances detailing the current deferral, prior deferred balances, ECAM rider revenues and an estimate the net expected balance as of April 1, 2015. Exhibit 4 is a clean and legislative copy of Electric Service Schedule No. 94 containing the proposed rates by electric service schedule based on the customer's delivery voltage of electric service.

23. Rocky Mountain Power is notifying its customers of this Application by means of a press release sent to local media organizations and messages in customers' bills over the course of a billing cycle. The customer bill inserts will begin on February 12, 2015, and continue through the twenty-one day billing cycle. Copies of the press release and bill insert are provided with the Application. In addition, copies of the

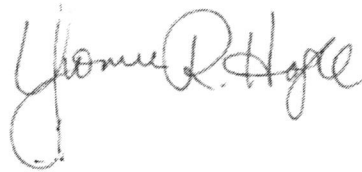
Application will be made available for review at the Company's local offices in its Idaho service territory.

WHEREFORE, Rocky Mountain Power respectfully requests that the Commission (1) issue an order authorizing that this matter be processed by Modified Procedure; (2) approve the \$16.6 million ECAM deferral for the Deferral Period; and (3) implement the proposed Electric Service Schedule No. 94 as filed in Exhibit 4.

DATED this 2nd day of February 2015.

Respectfully submitted,

ROCKY MOUNTAIN POWER



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